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The Stock Market. By S. S. HUEBNER. (New York: D. Appleton & Company. 1922. Pp. xv, 496. \$3.00.)

The Work of the Stock Exchange. By J. EDWARD MEEKER. (New York: The Ronald Press Company. 1922. Pp. xxiii, 633. \$5.00.)

A long time has elapsed since a publication of an authoritative character has been written upon the stock exchange. A large part of the literature in this field has been written by individuals possessing a gift of clever phrasing and one or two hackneyed ideas rather than any real understanding of the problem. As a result, in no field of economic literature have we had so much of writing and so little of value published. It is consequently refreshing to have the simultaneous appearance of two well organized and scholarly treatises on the stock exchange.

Professor S. S. Huebner's book, *The Stock Market*, was originally announced in the syllabus of the Investment Bankers' Association on *The Stock Exchange Business* in 1918. The excellent and comprehensive outline contained in the references to the chapter headings of Professor Huebner's book in this syllabus aroused our interest in its publication. The waiting has been worth while. The formulation and organization of the book represents seventeen years of teaching in the Wharton School of Commerce. Mature deliberation and careful organization is evidenced throughout the book.

The subject-matter of the book is divided into four parts: (1) Services Rendered by the Organized Stock Market; (2) Organization and Operation of the Market; (3) Factors Affecting Security Prices and Values; and (4) Legal Principles Governing the Stock Exchange Business. These divisions are subdivided into twenty-five well-balanced chapters which make the book well adapted for textbook purposes. On the other hand, though the book is developed along textbook lines, thus avoiding the inherent tediousness of a mere reference work, it is sufficient in its detail to be used as a handbook in actual practice. In all of the practices and regulations governing the stock exchange constitution and by-laws, the author has followed rather closely the order followed in these instruments.

Under the "Services rendered by the organized stock market" of Part I, the general economic functions of a stock market are explained. In this group of chapters, particular emphasis is given to the nature of the market, the discounting function and the function and defense of short selling. This is followed by a discussion of the regulations of the brokers' conduct and relation to the customer. This chapter is followed in turn by chapters explaining the character of options and arbitrating. Just why this order has been followed in the last four chapters of Part I, is not quite clear to the reviewer. Under the group of chapters in Part II, the technical character of the stock

exchange organization and the method by which securities are listed, bought or sold and transferred through the stock exchange by its members, are treated. Special chapters are also devoted to the short sale, the conversion of securities and privileged subscriptions of rights. This section of the book will without question be the most valuable for practical reference. Part III is devoted to the factors affecting security prices. As this is the least understood, yet the most important phase of the security market, the treatment in this section seems rather meager. Of course, a complete treatment of this aspect of the problem would engage an entire volume in itself and in order to confine the complete discussion of the stock market in one volume the author could well claim justification for this brief discussion. For example, no use has been made of Wesley Mitchell's extensive studies on Business Cycles or such studies as are now being carried on by the Harvard Bureau, though the latter has by no means entirely proved its method of predicting market movements as far as the security market is concerned. The more pertinent objection to including such material, needless to say, would be the rather impossible task of reducing such statistical and highly technical data to the comprehensive basis in a few chapters of a textbook, without the sacrifice of scientific accuracy and completeness. Part IV gives an unusually good brief summary of "the legal principles and usages governing the stock and bond market." This discussion includes as well an interpretation of the leading court cases which govern the relations and obligations between broker and customer.

This book, which is clearly a textbook on the stock market, deserves the highest commendation. No book yet written in the field of stock market operations and organization so well adapts itself to classroom purposes, and instructors who have been offering work in the field of security markets will more than welcome Professor Huebner's book.

While Huebner's book on the stock market is primarily a textbook, J. E. Meeker's book is more particularly a technical handbook on stock exchange operations. This does not imply that the contents of Mr. Meeker's volume are above the understanding of the average reader. It is an exceptionally readable book on a highly technical subject. Mr. J. Edward Meeker, as economist of the New York Stock Exchange, has been in an unusual position to secure personal information which is so valuable in the compilation of a book of this character. The author states, however, that "the present study is in no sense an official publication of the stock exchange, nor does it bear any official indorsement by that body."

The book is a very complete and a very detailed study of the machinery, operations and economic functions of the stock exchange. The text has numerous photographic illustrations and a large number

of forms used by brokerage houses and the stock exchange clearing house. An extensive appendix of valuable technical material is included which is of value to both teacher and broker. A very large amount of new material hitherto not published has been issued for the first time. This applies particularly to the material on odd lot traders, floor trader specialists, collateral loan market and the stock exchange clearing house.

The method of approach followed by Mr. Meeker to the problem of the stock market materially differs from that of Professor Huebner. The former reverses the order of approach of the latter, *i. e.*, the organization and technique of operations are first covered and followed by a discussion of the functions of the organized exchange market. In this latter are included a consideration of the dangers of speculation and the regulations of the exchange in protecting the buyer and the seller.

The author has purposely, as he again states in his preface, shunned controversial questions, yet all moot questions have not been avoided as, for example, that of incorporation of the exchange (p. 349), though in all such cases the author has quite closely adhered to a brief statement of the historical facts. It would, however, seem desirable to the reviewer to have included a considerable discussion of such problems as the auditing of member accounts, recently adopted in modified form by the New York stock exchange. Where the author has been obliged to deal with a moot question, he treats his problem with fairness, though a conscious effort seems to have been made to set forth only those things which could be praised and omit all others. On the other hand, as implied in the comments on Professor Huebner's book, strong objection can be raised against the inclusion of much of the temporary controversial material, too often merely political, and of passing interest in a purely scientific work.

Where more extended courses are given in the subject of stock exchanges, Mr. Meeker's book should prove to be an excellent companion and reference book to Huebner's text. The detailed method, however, in which Mr. Meeker has treated operations and transactions will necessitate rather frequent revision as changes in the governing rules of the stock exchange are frequently made.

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Electrical Rates. By G. P. WATKINS. (New York: D. Van Nostrand Company. 1921. Pp. 228.)

The electrical business has developed with leaps and bounds during the past twenty years. This has been especially true during the past ten years, with the introduction of larger and much more economical